

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WEBNET COMMUNICATIONS, INC.)	
_____)	CASE NO. 2001-00123
ALLEGED VIOLATION(S) OF KRS 278.535)	

O R D E R

On May 22, 2001, the Commission entered an Order directing WebNet Communications, Inc. (WebNet) to show cause why it should not be penalized for six alleged violations of KRS 278.535 and scheduling a hearing for August 13, 2001.

WebNet contacted Commission Staff and requested an informal conference to discuss the alleged violations described in the May 22, 2001 Order. WebNet communicated with Commission Staff in a telephonic informal conference on July 26, 2001. During the informal conference, Commission Staff requested that WebNet review a number of pending complaints and report to the Commission. The Commission also continued the August 13, 2001 hearing to enable Commission Staff and WebNet to conduct settlement negotiations.

WebNet reviewed the complaints as requested and reported to Commission Staff. Commission Staff and WebNet continued settlement negotiations to no avail. On January 25, 2002, the Commission issued an Order directing WebNet to file an answer to the Commission's May 22, 2001 Order. The Order also scheduled a hearing for March 6, 2002. That hearing was also continued at WebNet's request. Settlement negotiations resumed, but no settlement was reached.

On June 13, 2002, the Federal Communications Commission (FCC) issued a Notice of Apparent Liability (FCC 02-183) against WebNet for \$1.2 million for 20 slamming violations. Counsel for WebNet, by letter,¹ has informed Commission Staff that as a result of this substantial proposed fine, WebNet has ceased to operate as a telecommunications provider. Neither Commission nor FCC records contain any notice from WebNet to the respective regulatory agencies that WebNet will no longer provide telecommunications service. In any event, it is at least highly questionable whether WebNet should be permitted to operate as a utility in Kentucky.

IT IS THEREFORE ORDERED that:

1. Within 30 days of the date of this Order, WebNet shall provide the Commission with a response explaining why it should be allowed to maintain authority to operate in Kentucky. Said response shall also contain a bona fide settlement offer for the six alleged violations of KRS 278.535.

2. Should WebNet fail to respond within the allotted time, its authority to operate in this state shall be revoked, its tariff shall be removed from the Commission's files, and its name shall be stricken from the Commission's list of active utilities; furthermore, this case shall be removed from the Commission's active docket without further Order.

3. Should WebNet fail to respond as directed by Ordering Paragraph 1 above, the six alleged violations of KRS 278.535 shall be dismissed without prejudice. Should WebNet seek to resume provision of telecommunications service in Kentucky, WebNet shall first be answerable for the six alleged violations.

¹ Appendix A hereof.

4. Nothing contained herein shall prohibit the Commission from issuing additional Orders in this case.

Done at Frankfort, Kentucky, this 14th day of January, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2001-00123 DATED January 14, 2003

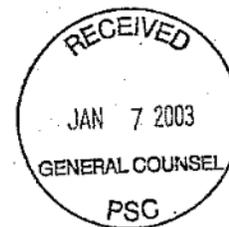
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January 7, 2003

VIA FACSIMILE AND FIRST CLASS MAIL

Fax: 502-564-7279

Mr. J.E.B. Pinney
Staff Attorney
Kentucky Public Service Commission
730 Schenkel Lane
Frankfort, KY 40602

Re: WebNet Communications, Inc. - Case No. 2001-123

Dear Mr. Pinney:

As you are aware, this firm represented WebNet Communications, Inc. ("WebNet") in the above-captioned case. During a telephone call on October 18, 2002, I informed you that, to the best of our knowledge at the time, WebNet had effectively ceased doing business in the state of Kentucky as a result of the Federal Communications Commission's ("FCC") June 20, 2002, Notice of Apparent Liability for Forfeiture ("NAL").¹ To the best of our knowledge, the FCC NAL, which sought \$1.2 million in fines, coupled with poor market conditions in general, led WebNet to discontinue all marketing efforts in Kentucky soon after the issuance of the NAL. This firm is not aware of any Kentucky customers currently PIC'd to WebNet.

If you have questions concerning this filing, please contact the undersigned.

Respectfully,

Jonathan S. Marashlian

¹ In the Matter of WebNet Communications, Inc., Apparent Liability for Forfeiture, File No. EB-01-TC-064, Notice of Apparent Liability for Forfeiture (rel. June 20, 2002).